

**Alaska Department of Revenue
Permanent Fund Dividend Division**

Overview of the 2009 Dividend Calculation

To help smooth out year-to-year volatility in dividend amounts, the amount of each year's dividend is calculated using a formula that averages the Permanent Fund's realized earnings over the previous five years. Here is how it works:

1. **Add** the Fund's statutory net income* from the previous five years.

	(in millions/rounded)	
FY 2005	1,754	
FY 2006	2,690	
FY 2007	3,428	
FY 2008	2,938	
FY 2009	(2,475)	
Total	8,335	<i>*Statutory net income equals realized earnings excluding income from North Slope royalty case, State v. Amerada Hess, et al.</i>

2. **Multiply** by statutory 21% for an average of the five year earnings

8,335
21%
\$1,750

3. **Divide** in half for the statutory percentage of earnings allocated for dividends

\$1,750
2
\$875

4. **Add** FY 2009 Permanent Fund Dividend Fund beginning balance

\$856.6
8.7
\$865.3

5. **Subtract** prior year obligations, designated state expenses and cost of operating the Permanent Fund Dividend Division

\$865.3
(43.1)
\$822.2

6. **Subtract** reserves for payment of prior year dividends

\$822.2
(1.7)
\$820.5

7. **Divide** by the estimated number of eligible dividend applicants

$$\$820,500,000 / 628,499 = \$1305.00$$